

William Craven
FAS East Precinct Parking 12th Ave Arts ATT 1
August 16, 2012
Version #1

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Foster Pepper PLLC
Attention: Jamie M. Goodwin
1111 Third Avenue, Suite 3400
Seattle, Washington 98101-3299

CONDOMINIUM DECLARATION
FOR 12TH AVENUE ARTS, A CONDOMINIUM

Grantor/Declarant: THE CITY OF SEATTLE, a municipal corporation of the
State of Washington

Grantee: 12TH AVENUE ARTS, A CONDOMINIUM

Legal Description: LOTS 2-5, BLOCK 22, ADD. TO THE CITY OF
SEATTLE AS LAID OFF BY D. T. DENNY,
GUARDIAN OF THE ESTATE OF J. H. NAGLE
(COMMONLY KNOWN AS NAGLE.S ADD. TO THE
CITY OF SEATTLE, VOL. 1. P. 153, KING
COUNTY)Official legal description on Schedule A

Assessor's Tax Parcel ID#: 600300-0670-03; 600300-0645-05; 600300-0660-05;
600300-0665-00

Reference # (if applicable): _____ (Survey Map & Plans)

DEPARTMENT OF ASSESSMENTS
Examined and approved this _____ day of
_____, 2012

Assessor

Deputy Assessor

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Article 1. **DEFINITIONS.**

Section 1.1 Words Defined. For the purposes of this Declaration and any amendments hereto, the following definitions shall apply.

Allocated Interests means the allocation of Common Expense Liability, Interest in Common Elements and Voting for each of the Units in the Condominium, which is determined in accordance with the formula set forth in Section 5.4 and is listed in Schedule B.

Apartment means an individual single household residence located within the Housing Unit.

Articles means the Articles of Incorporation for the Association.

Assessments means all sums chargeable by the Association against a Unit, including, without limitation: (a) general and special assessments for Common Expenses and Specially Allocated Expenses; (b) charges and fines imposed by the Association; (c) interest and late charges on any delinquent account; and (d) costs of collection, including reasonable attorneys' fees, incurred by the Association in connection with the collection of a delinquent Owner's account.

Association means the owners association identified in Article 10.

Board means the board of directors of the Association, as described in Article 11.

Building means the primary structure in the Condominium which will be built within the Garage Unit, Commercial Unit and Housing Unit in accordance with the Building Plans.

Building Plans means the architectural and engineering drawings and specifications for the original construction of the Building dated _____, as the same may be revised from time to time. The Building Plans are not "as-built" plans and may be changed during the course of construction after the date this Declaration is recorded.

Bylaws means the bylaws of the Association as they may from time to time be amended.

City means The City of Seattle, a municipal corporation of the State of Washington.

Commercial Facilities means that portion of the Building located within the Commercial Unit including all foundation walls, bearing walls, roofing, columns, pillars,

beams, braces, shear walls, ceiling/floor slabs, structural members, footings, caissons, exterior Building skin, doors, windows, decks, patios, balconies, all elevator shafts, common fire stairs and chutes, and any other structural and supporting element or facility of the Building within the Commercial Unit, but excluding the Exclusive Easement Areas within the Commercial Unit.

Commercial Unit means the Unit so identified on the Survey Map and Plans.

Common Elements means all portions of the Condominium other than Units.

Common Expenses means expenditures made by or financial liabilities of the Association that are allocated in this Declaration in Schedule C to all Units in accordance with Common Expense Liability.

Common Expense Liability means the liability for Common Expenses allocated to each Unit, as set forth in Schedule B.

Condominium means 12th Avenue Arts, a condominium, created under the Declaration and the Survey Map and Plans.

Condominium Act means the Washington Condominium Act, codified at RCW 64.34, as it may be from time to time amended.

County means King County, Washington.

Declarant means The City of Seattle, a municipal corporation of the State of Washington.

Declaration means this Condominium Declaration for 12th Avenue Arts, a condominium, as it may from time to time be amended.

Exclusive Easement Areas mean, collectively, those areas of the Building that are subject to an easement to the exclusion of the Owner of the Unit in which the Exclusive Easement Area is located. The easements reserved in Subsections 21.2.2, 21.3.4, 21.3.5, 21.4.3, and 21.4.4 establish Exclusive Easement Areas.

Foreclosure means a forfeiture or judicial or nonjudicial foreclosure of a Mortgage or a deed in lieu thereof.

Garage Facilities means that portion of the Building located within the Garage Unit including all foundation walls, bearing walls, roofing, columns, pillars, beams, braces, shear walls, ceiling/floor slabs, structural members, footings, caissons, exterior Building skin, doors, windows, decks, patios, balconies, all elevator shafts, common fire stairs and chutes,

and any other structural and supporting element or facility of the Building within the Garage Unit, but excluding the Exclusive Easement Areas within the Garage Unit.

Garage Unit means the Unit so identified on the Survey Map and Plans.

Housing Unit means the Unit so identified on the Survey Map and Plans.

Level means any of the floor levels of the Building that will be enclosed within a Unit or Units after completion of construction of the Building pursuant to the Building Plans

Limited Common Element means a portion of the Common Elements allocated for the exclusive use of one or more but fewer than all of the Units.

Managing Agent means the person designated by the Board under Section 11.4.

Mortgage means a mortgage, deed of trust or real estate contract, including but not limited to a leasehold mortgage or leasehold deed of trust.

Mortgagee means any holder of a Mortgage on a Unit which has filed a written request with the Association for the notices specified in Section 25.2.

Notice and Opportunity to be Heard means the procedure described in Section 11.6.

Owner or Unit Owner means the Declarant or other Person who owns a Unit, but does not include any person who has an interest in a Unit solely as security for an obligation, or that is a vendee for the Unit under a real estate contract.

Parking Level means any of the Levels in the Garage Unit.

Person means a natural person, corporation, partnership, limited partnership, limited liability company, trust, governmental subdivision or agency, or other legal entity.

Regulatory Agreement means any of the following covenants (as they may be amended) recorded or to be recorded against the Housing Unit imposing certain low income housing restrictions: Regulatory Agreement (in favor of the City of Seattle); Low Income Housing Covenant Agreement (in favor of the State of Washington); Regulatory Agreement (in favor of Capitol Hill Housing Improvement Program) in connection with tax-exempt bonds; and Regulatory Agreement – Extended Use Agreement (in favor of the Washington State Housing Finance Commission) related to low-income housing tax credits.

Residential Facilities means that portion of the Building located within the Housing Unit including all foundation walls, bearing walls, roofing, columns, pillars, beams, braces, shear walls, ceiling/floor slabs, structural members, footings, caissons, exterior Building skin, doors, windows, decks, patios, balconies, all elevator shafts, common fire stairs and chutes, and any other structural and supporting element or facility of the Building within the Housing Unit, but excluding the Exclusive Easement Areas within the Housing Unit.

Specially Allocated Expenses means those expenditures or liabilities of the Association that are allocated among Units on some basis other than Common Expense Liability and that are set forth in Schedule D.

Special Declarant Rights means those rights reserved for the benefit of the Declarant pursuant to RCW 64.34.020 of the Condominium Act.

Survey Map and Plans means the survey map and plans filed simultaneously with the recording of this Declaration and any amendments, corrections, and addenda thereto subsequently filed.

Unit means a physical portion of the Condominium designated for separate ownership, the boundaries of which are described in Section 5.2 and shown on the Survey Map and Plans.

Section 1.2 Form of Words. The singular form of words shall include the plural and the plural shall include the singular. Masculine, feminine, and gender-neutral pronouns shall be used interchangeably.

Section 1.3 Statutory Definitions. Some of the terms defined above are also defined in the Condominium Act. The definitions in the Declaration are not intended to limit or contradict the definitions in the Condominium Act. To the extent there is any inconsistency or conflict between a definition in this Declaration and the Condominium Act, the definition in the Condominium Act will prevail.

Article 2. CONSTRUCTION AND VALIDITY OF DECLARATION.

The Declaration and the Condominium Act provide the framework by which the Condominium is created and operated. In the event of a conflict between the provisions of the Declaration and the Condominium Act, the Condominium Act shall prevail. In the event of a conflict between the provisions of this Declaration and the Bylaws, the Declaration shall prevail except to the extent the Declaration is inconsistent with the Condominium Act. The creation of the Condominium shall not be impaired and title to a Unit and its interest in the Common Elements shall not be rendered unmarketable or otherwise affected by reason of an

insignificant failure of this Declaration or the Survey Map and Plans or any amendment thereto to comply with the Condominium Act.

Article 3. NAME OF CONDOMINIUM.

The name of the Condominium created by this Declaration and the Survey Map and Plans is “12th Avenue Arts, a condominium.”

Article 4. DESCRIPTION OF LAND.

The real property included in the Condominium and subjected to the Condominium Act is described in Schedule A, and includes all improvements and fixtures now and hereafter located thereon.

Article 5. DESCRIPTION OF UNITS; ALLOCATED INTERESTS.

Section 5.1 Number and Identification of Units. The Condominium has three Units which are designated as the Garage Unit, the Commercial Unit and the Housing Unit, as listed on Schedule B and shown on the Survey Map and Plans.

Section 5.2 Unit Boundaries. The Units in the Condominium are “air space units,” the boundaries of which are the planes in space in the locations and at the elevations shown on the Survey Map and Plans. As of the date hereof, the improvements and Building within the Condominium have not been constructed. It is intended that the improvements will be constructed substantially in accordance with the Building Plans submitted to The City of Seattle Department of Planning and Development. Upon completion of construction of the Building, it is intended that the Unit boundaries will correspond with the following:

5.2.1 With respect to the vertical boundaries of the Units, the planes in space that are substantially consistent with the exterior cladding and/or exterior surfaces of the walls of the Building after completion of construction, except that as between the portions of the Units which are adjacent to each other, the vertical boundaries are intended to correspond to the planes in space consistent with the centerline of the demising wall of the Building to be constructed between the two Units.

5.2.2 The lower horizontal boundary of the Garage Unit corresponds to the plane in space consistent with the lower limits of fee ownership of land. The upper horizontal boundary of the Garage Unit corresponds to the planes in space at the elevations shown on the Survey Map and Plans. The upper horizontal boundary of the Garage Unit is intended to correspond to the bottoms of the concrete slabs which separate the Garage Facilities from the Commercial Facilities, and the concrete slabs which separate the Garage Facilities from the Housing Facilities. It is intended that the entirety of the Garage Facilities

and the foundation of the Building will be enclosed within the Garage Unit after completion of construction of the Building. The Garage Unit is subject to those easements set forth in Article 21.

5.2.3 As between the Garage Unit and Commercial Unit, the lower horizontal boundary of the Commercial Unit will correspond to the planes in space at the elevation shown on the Survey Map and Plans and is intended to be consistent with the lower surface of the concrete slabs separating the Commercial Facilities from the Garage Facilities at Level 1 and at Level 2 of the Building; as between the Housing Unit and the Commercial Unit at Level 1 and Level 2 of the Building, the lower horizontal boundary of the Commercial Unit which is above the Housing Unit is intended to be consistent with the lower surface of the concrete slabs separating the Commercial Facilities from the Housing Facilities. The upper horizontal boundary of the Commercial Unit will correspond to the planes in space at the elevations shown on the Survey Map and Plans and is intended to be consistent with the lower surface of the concrete slab which is between Levels 2 and 3 of the Building. Except for that portion of Level 1 on which the Garage Facilities will be located (which is designated as part of the Garage Unit) and that portion of the Level 2 of the Building on which the Housing Facilities will be located (which is designated as part of the Housing Unit), it is intended that the Commercial Facilities will be located on Levels 1 and 2 of the Building and be included within the Commercial Unit. The Commercial Unit is subject to those easements set forth in Article 21.

5.2.4 As between the Commercial Unit and the Housing Unit, the lower horizontal boundary of the Housing Unit will correspond to the planes in space at the elevations shown on the Survey Map and Plans which is intended to be consistent with the lower surface of the concrete slab separating Levels 2 and 3 of the Building. The upper horizontal boundary of the Housing Unit will correspond to the planes in space at the elevation shown on the Survey Map and Plans which is intended to be consistent with a plane in space above the highest finished surface of the roof of the Building. It is intended that the Residential Facilities will be located on Levels 1, 3, 4, 5 and 6 the Building and be included within the Housing Unit. The Housing Unit is subject to those easements set forth in Article 21.

All dirt, soil, structures, spaces, walls, fixtures and improvements within the boundaries of a Unit, except those Common Elements specified in Article 7, are a part of the Unit. Any awnings, canopies, balconies, planters, or roof overhangs that extend beyond the vertical boundaries of a Unit are part of that Unit.

Section 5.3 Unit Data. The following information is set forth in Schedule B: (i) Unit area; (ii) the Building Levels that will be located within each Unit after construction of the Building pursuant to the Building Plans; and (iii) the projected total finished floor area of

the Levels of the Building that will be enclosed within each Unit after construction of the Building pursuant to the Building Plans (including the Parking Levels in the Garage Unit, but excluding the surface of the roof). Because the Garage Unit, Housing Unit and the Commercial Unit are air space units and are not residential, the number of bedrooms, bathrooms and fireplaces is not provided. The location and configuration of each Unit is shown on the Survey Map and Plans.

Section 5.4 Allocated Interests. Schedule B sets forth the Allocated Interests of each of the Units in the Condominium for purposes of Common Expense Liability, interest in the Common Elements and voting. The formula for determining Common Expense Liability, interest in the Common Elements and voting is the relative projected finished floor area of all Levels of the Building within a Unit divided by the relative projected finished floor area of the Levels of the Building that will be enclosed within all Units, after construction of the Building pursuant to the Building Plans (including the Parking Levels in the Garage Unit, but excluding the surface of the roof).

Article 6. COMMON ELEMENTS.

Section 6.1 Description. The Common Elements are all portions of the Condominium other than the Units, including but not limited to, specifically, the grounds that are not included within the Garage Unit, the airspace above the Housing Unit, all exterior landscaping and sidewalks. The reciprocal easements benefitting all Units as described and granted in Section 21.1 of this Declaration are hereby designated as Common Elements.

Section 6.2 Use. Each Owner shall have the right to use the Common Elements for their intended purposes in common with all other Owners. The right to use the Common Elements extends not only to each Owner, but also to the agents, tenants, invitees, and licensees of the Owners. The right to use the Common Elements shall be governed by the provisions of the Condominium Act, this Declaration, the Bylaws, and the rules and regulations of the Association.

Article 7. LIMITED COMMON ELEMENTS.

There are no Limited Common Elements in the Condominium.

Article 8. PERMITTED USES; MAINTENANCE; CONVEYANCES.

Section 8.1 Garage Unit. Upon substantial completion of the improvements within the Garage Unit, the Garage Facilities will be restricted to motor vehicle parking; motor vehicle storage; motor vehicle service, electrical charging and repair; general office use associated with the operation of the Garage Facilities; any other motor vehicle use incidental to operation of the Garage Facilities; and general storage. Building systems and Building

infrastructure shall also located within the Garage Facilities and use thereof shall be governed by the easements provided in Article 21 of this Declaration. It is expected that there will be 111 parking spaces in the Garage Facilities upon substantial completion of the Building. Use of the Garage Unit shall also be subject to the easements benefitting and burdening the Garage Unit that are reserved in Article 21.

Section 8.2 Commercial Unit. Upon substantial completion of the improvements within the Commercial Unit, the Commercial Unit will be restricted to restaurant, office, meeting space, retail, theater, performing arts, and community service uses. Use of the Commercial Unit shall also be subject to the easements benefitting and burdening the Commercial Unit that are reserved in Article 21.

Section 8.3 Housing Unit. Upon substantial completion of the improvements within the Housing Unit, the Housing Unit will contain 88 Apartments and a rental office and other related facilities. The Housing Unit is intended for and restricted to residential use as a rental facility, including social, recreational, and other activities normally incident to residential uses of the Apartments, including use as a home office, together with any functionally related and subordinate uses which may be permitted by Section 42 of the Internal Revenue Code of 1986, as amended. Use of the Housing Unit shall also be subject to the easements benefitting and burdening the Housing Unit that are reserved in Article 21.

Section 8.4 Nuisance; Violation of Laws. The Owner of a Unit shall not use nor occupy the Unit in a manner that would, nor do or permit anything to be done therein that would make it impossible for the Association to carry insurance required or reasonably deemed to be necessary, or which would invalidate such insurance, or which would cause structural damage to the portions of the Building located within the Unit, or which would constitute a public or private nuisance or which will violate any laws, regulations, ordinances or requirements of the federal, state or local governments or of any other governmental authorities having jurisdiction over the property.

Section 8.5 Leases. The Owner of a Unit may lease all or any portion of the Unit for any purpose permitted by Section 8.1, Section 8.2, or Section 8.3, as applicable. Except for leases of individual apartments in the Housing Unit for residential occupancy, all leases of Units shall provide that they are subject in all respects to the provisions of the Declaration and the rules and regulations of the Association and that any failure by any tenant or subtenant to comply with the terms of such documents, rules, and regulations shall be a default under the lease agreement. If any lease or sublease of a Unit does not contain the foregoing provisions, such provisions shall nevertheless be deemed to be part of the lease or sublease and binding upon the Owner and the tenant and subtenant by reason of their being stated in this Declaration.

~~Section 8.6~~ Section 8.6 Construction, Operation, Maintenance, Repair and Replacement of Building, Units, Common Elements and Easement Areas. The Declarant will not be responsible for the construction of the Building or any improvements in the Condominium, including improvements to the Common Elements. The Owners shall contract between themselves outside of this Declaration for construction of the Building within the Units of the Condominium and improvements to the Common Elements. After substantial completion of the Building, except as set forth in this Declaration or modified by subsequent agreement between the Owners, each Owner is responsible for all costs of operation, maintenance, repair and replacement of the portions of the Building and improvements located within the Owner's Unit (including the non-exclusive easement areas within the Unit but excluding the Exclusive Easement Areas), including but not limited to the structural, non-structural and exterior portions of the Building; roofing and covering material; exterior walls; porches, patios and decks; elevators; and the plumbing, electrical systems, heating and ventilation systems which serve only that Unit. The Association will be responsible for the maintenance, repair and replacement of the Common Elements, the cost of which shall be a Common Expense or Specially Allocated Expense, as set forth in this Declaration. Any Exclusive Easement Area located within a Unit and from which the Owner of the Unit in which it is located is excluded, shall be maintained by the Owners of the Units benefitted by the Exclusive Easement Area at those Owners' sole cost and expense as further provided in Article 14. Each Owner shall be responsible for keeping the improvements within the Owner's Unit (excluding the Exclusive Easement Areas within the Unit) and the Exclusive Easement Areas outside of the Unit that benefit the Owner's Unit in a neat, clean and sanitary condition, free of rodents and pests, and in good condition and repair. Each Owner shall be responsible for the maintenance, repair, or replacement of any pipes, wiring, ducts or other equipment that serve only the Owner's Unit or the Exclusive Easement Areas benefitting the Owner's Unit, whether or not located in the Unit or the Exclusive Easement Area, including repair of any damage to the Common Elements or another Unit (including the structures which are within or part of the Unit) resulting therefrom. By way of illustration and not limitation, the Owner of the Garage Unit shall maintain the Garage Facilities; the Owner of the Commercial Unit shall maintain the Commercial Facilities; and the Owner of the Housing Unit shall maintain the Residential Facilities. Any cost-sharing between the Owners shall be as provided in Article 14 or pursuant to separate agreement between the affected Owners. The Association may, as a Common Expense, provide for the inspection of any portion of a Unit the failure of which to maintain properly may cause damage to the Common Elements or another Unit or cause unnecessary Common Expenses. If the inspection discloses the need for repair or replacement, after reasonable notice and an opportunity to be heard the Association may either require the responsible Owner to make the repair or replacement or to make the repair or replacement itself and allocate the cost thereof to such Owner. The Owners shall promptly, and in no event more than two business days after the occurrence, resurface or replace any glass and remove any graffiti from the exterior of the Building located within their Unit. If an Owner fails to repair such damage within the specified time period, the

Association may undertake the necessary repair itself and allocate the cost thereof to the affected Owner.

Section 8.7 Exterior Appearance. The Owner of the Garage Unit shall not make any substantial or significant change to the exterior appearance of the Garage Facilities within its Unit or to any Exclusive Easement Area benefitting its Unit or to any Common Elements that are the Owner's responsibility to maintain, repair and replace without the approval of the Owners of the other Units, which approval shall not be unreasonably withheld, conditioned or delayed.

Section 8.8 Signs. The Owners and occupants of the Units shall be entitled to have reasonable signage for the businesses and non-commercial activities being conducted within the Units as long as such signage complies with all applicable laws and ordinances.

Section 8.9 Trash Removal. Each Owner and Unit occupant shall be responsible for removing all trash or garbage from the Unit and depositing it in trash or recycling receptacles designated exclusively for that Unit or otherwise removing it from the property.

Section 8.10 Hazardous Substances. The Owner of each Unit shall not permit any Hazardous Substance to be improperly or illegally generated, processed, stored, transported, handled or disposed of on, under, in or through the Unit or the Condominium; and each Owner shall indemnify, defend, and hold harmless the other Owner or Owners and the Association from all fines, suits, procedures, claims and actions of any kind arising out of or in any way connected with any spills or discharges of Hazardous Substances or wastes arising from the operation or use of the Unit or the Condominium by the Owner, occupants, tenants, subtenants or invitees of the Unit. As used herein, the term "Hazardous Substance" means any hazardous, toxic or dangerous substance, waste or material which is or becomes regulated under any federal, state or local statute, ordinance, rule, regulation or other law now or hereafter in effect pertaining to environmental protection, contamination or cleanup, including without limitation any substance, waste or material which now or hereafter is designated as a "Hazardous Substance" under the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601 *et seq.*), or under any local or state rule or regulation; without limiting the foregoing, Hazardous Substances shall include, but not be limited to, any substance which after being released into the environment and upon exposure, ingestion, inhalation, or assimilation, either directly from the environment or indirectly by ingestion through food chains, will or may reasonably be anticipated to cause death, disease, behavior abnormalities, cancer and/or genetic abnormalities; provided, however, Hazardous Substances shall not include cleaning solvents, paint, herbicides for landscape maintenance and similar materials which are incidental to normal commercial, rental or residential uses. The Association may adopt a Hazardous Substances management plan to further address the use and storage of Hazardous Substances and non-hazardous substances at the Condominium.

Section 8.11 Satellite Facilities. Subject to the conditions set forth in this Section, the Owner of the Garage Unit shall have the right to install and maintain antennas, satellite systems, broadcast facilities and other similar over-the-air reception facilities, including any pad, structure or platform for support therefore, (the "Satellite Facilities") to be located on the roof of the Building within the Housing Unit for the use of the Parking Facilities and/or the Owner of the Garage Unit, and shall be responsible for all costs associated therewith; provided, however, that the Owner of the Housing Unit shall also have the right, at its sole cost and expense, to install and maintain antennas, satellite systems and other over-the-air reception facilities to be located on the roof of the Building for the exclusive use and benefit of such Unit and its respective facilities. The Satellite Facilities installed by the Owner of the Garage Unit shall be for the sole benefit of the Garage Unit. The Owner of the Garage Unit shall not be entitled to lease, sublease or assign the rights hereunder to any third-parties. The Owner of the Garage Unit may only install the Satellite Facilities in the designated area on the Building Plans. The Owner of the Garage Unit shall cause the Satellite Facilities to be designed to fit within the designated area on the Building Plans and shall endeavor to design them to be as visually unobtrusive as possible. The Owner of the Garage Unit shall notify the Owner of the Housing Unit in writing at least ninety (90) days before installing any Satellite Facilities, and include plans and specifications therefor. If the Owner of the Housing Unit objects to the proposed Satellite Facilities by written notice delivered to the Owner of the Garage Unit within twenty (20) days of receipt of such notice, on the belief that it will jeopardize or impair the structural integrity of the Building or void or adversely affect any warranty, then the Owner of the Housing Unit and the Owner of the Garage Unit shall cooperate in good faith to resolve any such matters and, if unable to resolve such matters within ten (10) days thereafter, shall submit them to arbitration as provided in the Bylaws. A failure to object within such twenty (20) day period shall be deemed to be the Owner of the Housing Unit's consent and it shall be deemed to have approved the matters set forth in such installation notice. The Owner of the Garage Unit and the Owner of the Housing Unit shall maintain their Satellite Facilities in good and sightly order and condition, at their cost and expense.

Section 8.12 Damage to Units and Common Elements. Each Unit Owner shall be responsible for any damage to the other Units or the Common Elements caused by the negligence or willful misconduct of the Owner or tenant or subtenant of the Owner's Unit.

Article 9. ENTRY FOR REPAIRS OR MAINTENANCE.

The Association and its agents or employees may enter any Unit to effect repairs, improvements, replacements, maintenance or sanitation work deemed by the Board to be necessary in the performance of its duties, to do necessary work that the Owner has failed to perform, or to prevent damage to the Common Elements or to the other Units. Except in cases of emergency that preclude advance notice, the Board shall give the Unit Owner, tenant,

subtenant and occupant advance notice of entry of three (3) business days. Such entry shall be made with as little inconvenience to the Owners and occupants as practicable. The Board may levy a special Assessment against the Owner of the Unit for all or part of the cost of work that the Owner has failed to perform, which may be collected and foreclosed by the Association in the same manner as Assessments are collected and foreclosed under Article 13. Any entry by the Board into an Apartment shall be in compliance with applicable residential landlord-tenant statutes and ordinances.

Article 10. OWNERS ASSOCIATION.

Section 10.1 Form of Association. The Owners of Units shall constitute an owners association to be known as “12th Avenue Arts Condominium Association.” The Association shall be organized as a nonprofit corporation. It will be governed by a Board of five members, appointed by the Owners as provided in the Bylaws.

Section 10.2 Bylaws. The Board will adopt Bylaws to supplement the Declaration and to provide for the administration of the Association and the property and for other purposes not inconsistent with the Condominium Act or the Declaration.

Section 10.3 Qualification and Transfer. Each Owner of a Unit (including the Declarant) shall be a member of the Association and shall be entitled to one membership for each Unit owned, which membership shall be considered appurtenant to that member’s Unit. Ownership of a Unit shall be the sole qualification for membership in the Association. A membership shall not be transferred in any way except upon the transfer of title to the Unit and then only to the transferee of title to the Unit; provided, that if a Unit has been sold on contract, the contract purchaser shall exercise the rights of the Owner for purposes of the Association, this Declaration, and the Bylaws, except as hereinafter limited, and shall acquire the voting rights and the right to appoint Board members unless otherwise specified. Any attempt to make a prohibited transfer shall be void. An Owner may, however, grant a proxy to any Mortgagee of the Owner’s Unit, such that the Mortgagee shall have the right, subject to applicable law and any conditions stated in the proxy, to exercise the Owner’s rights to vote (or give consent or approval) on matters on which the Owner has a right to vote (or give consent or approval), including the rights with respect to the election and removal of Board members, with respect to all Units covered by such proxy. Any transfer of title to a Unit shall operate automatically to transfer the membership in the Association to the new Owner.

Section 10.4 Voting. The total voting power of the members in the Association shall be allocated as stated in Section 5.4.

Section 10.5 Powers of the Association. In addition to those actions authorized elsewhere in the Declaration, the Association shall have the power to:

- 10.5.1 Adopt and amend the Bylaws and the rules and regulations;
- 10.5.2 Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect Assessments for Common Expenses and Specially Allocated Expenses from Owners;
- 10.5.3 Hire and discharge or contract with Managing Agents and other employees, agents, and independent contractors;
- 10.5.4 Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself on matters affecting the Condominium;
- 10.5.5 Make contracts and incur liabilities;
- 10.5.6 Regulate the use, maintenance, repair, replacement, and modification of the Common Elements;
- 10.5.7 Cause additional improvements to be made as a part of the Common Elements;
- 10.5.8 Acquire, hold, encumber, convey, and dispose of, in the Association's name, right, title, or interest to real or tangible and intangible personal property, and arrange for and supervise any addition or improvement to the Condominium;
- 10.5.9 Grant easements, leases, licenses, and concessions through or over the Common Elements and petition for or consent to the vacation of streets and alleys;
- 10.5.10 Impose and collect any payments for services provided on behalf of the Owners;
- 10.5.11 Acquire and pay for all goods and services reasonably necessary or convenient for the efficient and orderly functioning of the Condominium;
- 10.5.12 Impose and collect charges for late payment of Assessments as further provided in Article 13 and, after Notice and an Opportunity to be Heard by the Board or by such representative designated by the Board and in accordance with such procedures as provided in this Declaration, the Bylaws, or rules and regulations adopted by the Board, levy reasonable fines in accordance with a previously established schedule thereof adopted by the Board and furnished to the Owners for violations of this Declaration, the Bylaws, and rules and regulations of the Association;

10.5.13 Impose and collect reasonable charges for the preparation and recording of amendments to this Declaration, resale certificates required by RCW 64.34.425 and statements of unpaid Assessments;

10.5.14 Provide for the indemnification of its officers and Board and maintain directors' and officers' liability insurance;

10.5.15 Assign its right to future income, including the right to receive Assessments;

10.5.16 Provide or pay Common Expenses and Specially Allocated Expenses on behalf of the Owners;

10.5.17 Exercise all other powers that may be exercised in this state by the same type of corporation as the Association; and

10.5.18 Exercise any other powers necessary and proper for the governance and operation of the Association.

Section 10.6 Financial Statements and Records. The Association shall keep financial records in accordance with generally accepted accounting principles. All financial and other records shall be made reasonably available for examination by any Unit Owner and the Owner's authorized agents. At least annually, the Association shall prepare, or cause to be prepared, a financial statement of the Association in accordance with generally accepted accounting principles. Unless unanimously waived annually by the Unit Owners, the annual financial statement shall be audited at least annually by a certified public accountant who is not a member of the Board or a party related to an Owner. The financial statement shall be completed in time for the Association's annual meeting and in any event within 120 days following the end of the fiscal year. Any Mortgagee shall, upon request, be entitled to receive the annual financial statement within 120 days following the end of the fiscal year. The Board may require that an audit of the Association and management books be presented at any meeting. An Owner, at the Owner's expense, may at any reasonable time conduct an audit of the books of the Board and Association.

Section 10.7 Inspection of Condominium Documents, Books and Records. The Association shall make available to Owners, Mortgagees, prospective purchasers and their prospective Mortgagees, and the agents or attorneys of any of them, current copies of this Declaration, the Articles, the Bylaws, the rules and regulations of the Association, and other books, records, and financial statements of the Association. "Available" shall mean available for inspection upon request, during normal business hours or under other reasonable circumstances. These records shall be available for inspection without charge, but the

Association may require the requesting party to pay a reasonable charge to cover the cost of making any copies.

Section 10.8 No Reserve Study Required. In accordance with the exception for condominiums restricted to non-residential use set forth in RCW 64.34.380(4), the Association shall not be required to have a reserve study of the Condominium performed.

Article 11. THE BOARD.

Section 11.1 Selection of the Board. The Owners of the Units shall appoint the number of Board members as provided in the Bylaws. Each Board member shall serve at the pleasure of the appointing Owner. The Board shall elect officers in accordance with the procedures provided in the Bylaws. The members of the Board and officers shall take office upon their appointment or election.

Section 11.2 Powers of the Board. Except as provided in this Declaration, the Bylaws or the Condominium Act, the Board shall at all times act on behalf of the Association. The Board may exercise all powers of the Association, except as otherwise provided in the Condominium Act, the Declaration or the Bylaws. The Board shall be required to exercise the care required of fiduciaries of the Owners.

Section 11.3 Decisions of the Board. Except for those Board decisions which require unanimous approval as further set forth in this Declaration or the Bylaws, all other decisions of the Board shall be by majority vote at a meeting at which a quorum is present or without a meeting to the extent permitted by law and as authorized by the Bylaws, subject to arbitration pursuant to the Bylaws. The rights and duties of the Board and of the Association shall be governed by the provisions of the Condominium Act, the Declaration and the Bylaws.

Section 11.4 Managing Agent. The Board may contract with an experienced Managing Agent to assist the Board in the management and operation of the Condominium and may delegate such of its powers and duties to the Managing Agent as it deems to be appropriate, except as limited herein.

Section 11.5 Limitations on Board Authority. The Board shall not take final action on behalf of the Association to amend the Declaration in any manner that requires the vote or approval of the Unit Owners and Mortgagees pursuant to Article 23, to terminate the Condominium pursuant to Article 24, or to elect members of the Board or determine the qualifications, powers, and duties, or terms of office of members of the Board.

Section 11.6 Right to Notice and Opportunity to Be Heard. Whenever this Declaration requires that an action of the Board be taken after "Notice and Opportunity to be Heard," the following procedure shall be observed: The Board shall give written notice of the

proposed action to all Owners, Mortgagees, tenants or occupants of Units whose interest would be significantly affected by the proposed action. The notice shall include a general statement of the proposed action and the date, time and place of the hearing, which shall be not less than five days from the date notice is delivered by the Board. At the hearing, the affected person shall have the right, personally or by a representative, to give testimony orally, in writing or both (as specified in the notice), subject to reasonable rules of procedure established by the Board to assure a prompt and orderly resolution of the issues. Such evidence shall be considered in making the decision but shall not bind the Board. The affected person shall be notified of the decision in the same manner in which notice of the meeting was given.

Article 12. BUDGET AND ASSESSMENTS.

Section 12.1 Fiscal Year. The Board may adopt such fiscal year for the Association as it deems to be convenient. Unless another year is adopted, the fiscal year will be the calendar year.

Section 12.2 Preparation of Budget. Not less than 90 days before the end of the fiscal year the Board shall prepare a proposed budget for the Association for the coming year. In preparing its budget the Board shall estimate the Common Expenses and Specially Allocated Expenses of the Association to be paid during the year, including amounts reasonably anticipated to be required for the operation, maintenance, and repair of the Common Elements, and shall take into account any surplus or deficit carried over from the preceding year and any expected income to the Association. The budget may include reserves for repair or replacement of the Common Elements.

Section 12.3 Supplemental Budget. If during the year the budget proves to be inadequate for any reason, including nonpayment of any Assessments, the Board may prepare a supplemental budget for the remainder of the year.

Section 12.4 Regular Assessments. The amounts required by the Association for Common Expenses and Specially Allocated Expenses as reflected by the annual budget and any supplemental budgets shall be divided into installments to be paid regularly, as determined by the Board, over the period of time covered by the budget or supplemental budget or as is necessary for the Association to pay obligations to the third-party providers. The regular Assessment for each Unit is the total of (a) the Common Expense Liability share of that Unit set forth in Schedule C and (b) any Specially Allocated Expenses allocated to the Unit as set forth in Schedule D.

Section 12.5 Common Expenses. The Common Expenses of the Association are set forth in Schedule C. The Common Expenses are allocated to Units based upon each Unit's Common Expense Liability percentage which is set forth in Schedule B.

Section 12.6 Specially Allocated Expenses. The Specially Allocated Expenses are set forth in Schedule D and are specially allocated to Units based on usage, risk or benefit.

Section 12.7 Special Assessments. For those Common Expenses or Specially Allocated Expenses which cannot reasonably be calculated and paid on a monthly basis, the Board may levy special Assessments for such expenses against the Units. To the extent that any Common Expense or Specially Allocated Expense is caused by the misconduct of an Owner, tenant, subtenant or occupant of any Unit, the Association may, after Notice and Opportunity to be Heard, levy a special Assessment for the expense against the Unit.

Section 12.8 Creation of Reserves; Assessments. The Board may create reserve accounts for anticipated expenses for repairs, replacement and improvements to the Common Elements which will occur in the future. The operation of reserve accounts and Assessments for reserve accounts shall be further governed by the Bylaws.

Section 12.9 Notice of Assessments. The Board shall provide reasonable advance notice in writing to each Owner of the amount of the monthly general and special Assessments to be paid for the Unit and shall furnish copies of all budgets on which the general and special Assessments are based. The Board shall furnish the same information to an Owner's Mortgagee if so requested.

Section 12.10 Payment of Regular Assessments. The Board shall determine the frequency that Assessments shall be paid by each Owner, and the due date for each payment of regular assessments. Each Owner shall pay or cause to be paid to the treasurer or designated agent of the Association all Assessments against the Unit for that period. Any Assessment not paid within ten (10) days from date upon which it is due shall be delinquent and subject to late charges, interest charges and collection procedures as provided in Article 13.

Section 12.11 Proceeds Belong to Association. All Assessments and other receipts received by the Association on behalf of the Condominium shall belong to the Association.

Section 12.12 Failure to Assess. Any failure by the Board or the Association to make the budgets and Assessments hereunder before the expiration of any year for the ensuing year shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of the Owners from the obligation to pay Assessments during that or any subsequent year, and the regular Assessment amounts established for the preceding year shall continue until new Assessments are established. To the extent that the Association has insufficient funds to pay third-party expenses as a result of its failure to approve a budget for the then current fiscal year, in addition to collecting regular Assessments based upon the preceding year's budget, the Association may levy special assessments for the payment of third party expenses, to the extent that such third party expenses are known.

Section 12.13 Reconciliation of Assessments to Actual Expenses. The Association shall establish and maintain its accounts and records in a manner that will enable it to credit Assessments for Common Expenses and Specially Allocated Expenses, including allocations to reserves, and income to the Association to the account of the appropriate Units and make its expenditures from the appropriate accounts. In order that the Units are correctly assessed for the actual expenses of the Association, the accounts of the Association shall be reconciled at least annually; and any surpluses (or deficits) in the accounts shall be credited to the benefit of or paid to (or charged to the account of or assessed against) the Owner who paid the surplus (or owes the deficit).

Section 12.14 Certificate of Unpaid Assessments. Upon the request of any Owner or Mortgagee of a Unit, the Board will furnish a certificate stating the amount, if any, of unpaid Assessments charged to the Unit. The certificate shall be conclusive upon the Board and the Association as to the amount of such indebtedness on the date of the certificate in favor of all purchasers and Mortgagees of the Unit who rely on the certificate in good faith. The Board may establish a reasonable fee to be charged to reimburse it for the cost of preparing the certificate.

Section 12.15 Recalculation of Assessments. If Common Expense Liabilities are reallocated, Assessments, special Assessments, and any installment thereof not yet due shall be recalculated in accordance with the reallocated liabilities.

Section 12.16 Damage to Units. Each Unit Owner shall be responsible for any damage to any of the other Units caused by the negligence or willful misconduct of the Owner, tenant, subtenant or occupant of its Unit.

Article 13. LIEN AND COLLECTION OF ASSESSMENTS.

Section 13.1 Assessments Are a Lien; Priority. To the extent permitted by law, the Association has a lien on a Unit for any unpaid Assessment levied against a Unit from the time the Assessment is due. A lien under this Article shall be prior to all other liens and encumbrances on a Unit except: (a) liens and encumbrances recorded before the recording of this Declaration; (b) a Mortgage on the Unit recorded before the date on which the Assessment sought to be enforced became delinquent; and (c) liens for real property taxes and other governmental assessments or charges against the Unit. Recording of this Declaration constitutes record notice and perfection of the lien for Assessments; however, the Association may record a notice of claim of lien for Assessments in the real property records of the county in which the Condominium is located. Such recording shall not constitute the written notice of delinquency to a Mortgagee referred to above.

Section 13.2 Lien May be Foreclosed; Judicial Foreclosure. The lien arising under this Article may be enforced judicially by the Association or its authorized representative in

the manner set forth in RCW 61.12. The Association or its authorized representative shall have the power to purchase the Unit at the foreclosure sale and to acquire, hold, lease, mortgage, or convey the same. Upon an express waiver in the complaint of any right to a deficiency judgment in a judicial foreclosure action, the period of redemption shall be eight months. Nothing in this Section shall prohibit the Association from taking a deed in lieu of foreclosure. The holder of a Mortgage or other purchaser of a Unit who obtains the right of possession of a Unit through foreclosure shall not be liable for any Assessments or installments thereof that became due prior to such right of possession. Such unpaid Assessments shall be deemed to be Common Expenses collectible from all the Owners and including such Mortgagee or other purchaser of the Unit. Foreclosure of a Mortgage does not relieve the prior Owner of personal liability for Assessments accruing against the Unit prior to the date of such sale.

Section 13.3 Extinguishment of Lien and Personal Liability. A lien for unpaid Assessments and the personal liability for payment of Assessments is extinguished unless proceedings to enforce the lien or collect the debt are instituted within three years after the amount of the Assessments sought to be recovered becomes due.

Section 13.4 Joint and Several Liability. In a voluntary conveyance, the grantee of a Unit shall be jointly and severally liable with the grantor for all unpaid Assessments against the grantor up to the time of the grantor's conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. Suit to recover a personal judgment for any delinquent Assessment shall be maintainable in any court of competent jurisdiction without foreclosing or waving the lien securing such sums.

Section 13.5 Late Charges and Interest on Delinquent Assessments. The Association may from time to time establish reasonable late charges and a rate of interest to be charged on all delinquent Assessments or installments thereof. In the absence of another established nonusurious rate, delinquent Assessments shall bear interest from the date of delinquency at the maximum rate permitted under RCW 19.52.020 on the date on which the Assessments became delinquent.

Section 13.6 Recovery of Attorneys' Fees and Costs. The Association shall be entitled to recover any costs and reasonable attorneys' fees incurred in connection with the collection of delinquent Assessments, whether or not such collection activities result in suit being commenced or prosecuted to judgment. In addition, the Association shall be entitled to recover costs and reasonable attorneys' fees if it prevails on appeal and in the enforcement of a judgment.

Section 13.7 Remedies Cumulative. The remedies provided herein are cumulative and the Board may pursue them, and any other remedies which may be available under law although not expressed herein, either concurrently or in any order.

Article 14. COST SHARING.

Section 14.1 Generally. The following expenses shall not pass through the Association and shall be borne by the Unit Owners as follows:

14.1.1 The costs of operation, maintenance, repair and replacement of an Exclusive Easement Area shall be borne by the benefitted Owners in equal shares. All operations, maintenance, repair and replacement shall be contracted for and/or performed by a benefitted Owner, and the non-performing benefitted Owner shall reimburse the other on demand for all costs and expenses of such maintenance, repair and replacement incurred on its behalf.

Section 14.2 Lien for Amounts Owed. If at any time, any Owner (the “Defaulting Owner”) fails within the time period set forth for payment, or if no time period is set forth, then within ten (10) days after notice or demand to the Defaulting Owner, to pay any sum of money due any Owner (the “Creditor Owner”) under or pursuant to the provisions of this Declaration (including, without limitation, cost-sharing as set forth in Section 14.1 above), then, in addition to any other rights or remedies such Creditor Owner may have, such Creditor Owner shall have a lien against the Defaulting Owner’s Unit and a lien against any insurance proceeds and condemnation awards payable to the Defaulting Owner to secure the repayment of such sum of money and all interest on such sum accruing pursuant to the provisions of this Article. Such liens shall arise immediately upon the recording of a notice by the Creditor Owner in the real property records of King County, Washington, and may be enforced by a proceeding in equity to foreclose such lien in like manner as a mortgage of real property in the State of Washington or by any other remedy available by statute or at law or in equity. Such liens shall continue in full force and effect until such sum of money and any accrued interest thereon shall have been paid in full.

Section 14.3 Priority of Liens. The liens provided for in Section 14.2 shall be subject and subordinate to the lien of any recorded, mortgage, trust deed or other similar encumbrance on the Defaulting Owner’s Unit at the time of the recording of the notice of lien for all amounts (whenever advanced or accrued) secured by said mortgage, trust deed or other encumbrance.

Section 14.4 Interest. Interest shall accrue on sums owed by a Defaulting owner to a Creditor Owner and shall be payable from the date any such sum first became due hereunder until paid in full, at a variable rate per annum equal to four percent (4%) in excess of the rate of interest from time to time announced by U.S. Bank National Association, as its prime rate, reference rate or corporate base rate or the maximum rate allowed by law, if less. In the event a prime rate, reference rate or corporate base rate is not announced, and no maximum lawful rate applies, then interest shall accrue at the annual rate of eighteen percent (18%).

Section 14.5 No Defense or Offset. Each claim of any Owner arising under this Declaration shall be separate and distinct, and no defense, set-off, offset or counterclaim arising against the enforcement of any lien or other claim of any Owner shall thereby be or become a defense, set-off, offset or counterclaim against the enforcement of any other lien or claim.

Section 14.6 Legal Expenses. A Defaulting Owner shall pay the reasonable attorneys' fees and court costs paid or incurred by a Creditor Owner in successfully enforcing its rights against the Defaulting Owner under this Declaration.

Article 15. ENFORCEMENT OF DECLARATION, BYLAWS AND RULES AND REGULATIONS.

Section 15.1 Rights of Action. Each Owner, the Board and the Association shall comply strictly with this Declaration, the Bylaws, and the rules and regulations adopted pursuant thereto, as they may be lawfully amended from time to time, and the decisions of the Board, subject to arbitration as provided in the Bylaws. Failure to comply with any of the foregoing shall be grounds for an action to recover sums due and/or damages or for injunctive relief, or any or all of them, maintainable by the Board on behalf of the Association or by an Owner.

Section 15.2 Failure of Board to Insist on Strict Performance No Waiver. The failure of the Board in any instance to insist upon the strict compliance with this Declaration or the Bylaws or rules and regulations of the Association, or to exercise any right contained in such documents, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of any right, term, covenant, condition, or restriction. The receipt by the Board of payment of an Assessment from an Owner with knowledge of a breach by the Owner shall not be a waiver of the breach. No waiver by the Board of any requirement shall be effective unless expressed in writing and signed for the Board.

Article 16. TORT AND CONTRACT LIABILITY.

Section 16.1 Declarant Liability. Neither the Association nor any Owner except the Declarant is liable for the Declarant's torts in connection with any part of the Condominium which the Declarant, as Declarant and not as Unit Owner, has the responsibility to maintain. Otherwise, an action alleging a wrong done by the Association must be brought against the Association and not against any Owner, or any officer or director of the Association. An Owner is not precluded from bringing an action against the Association because the Owner is a Unit Owner or is a member or officer or director of the Association.

Section 16.2 Limitation of Liability for Utility Failure, etc. Except to the extent covered by insurance obtained by the Board, neither the Association, the Board, the Managing

Agent, nor the Declarant shall be liable for the failure of any utility or other service to be obtained and paid for by the Board; for injury or damage to person or property caused by the elements, or resulting from electricity, water, rain, dust, or sand which may leak or flow from outside or from any parts of the Building, or from any of their pipes, drains, conduits, appliances, or equipment, or from any other place; or for inconvenience or discomfort resulting from any action taken to comply with any law, ordinance, or orders of a governmental authority. No diminution or abatement of Assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

Section 16.3 No Personal Liability. So long as a Board member, or Association committee member, or Association officer, or the Declarant or the Managing Agent has acted in good faith, without willful or intentional misconduct, upon the basis of such information as is then possessed by such person, no such person shall be personally liable to any Owner or to any other person, including the Association, for any damage, loss, or prejudice suffered or claimed on account of any act, omission, error, or negligence of such person; provided, that this Section shall not apply where the consequences of such act, omission, error, or negligence is covered by insurance obtained by the Board.

Article 17. INDEMNIFICATION.

Each Board member, Association committee member, Association officer, the Declarant and the Managing Agent shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed in connection with any proceeding to which such person may be a party, or in which such person may become involved, including appeals of such proceedings, by reason of holding or having held such position, or any settlement thereof, whether or not such person holds such position at the time such expenses or liabilities are incurred, except to the extent such expenses and liabilities are covered by any type of insurance and except in cases wherein such person has engaged in intentional misconduct or willful misfeasance in the performance of such person's duties; provided, that in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being for the best interests of the Association.

Article 18. INSURANCE.

Section 18.1 General Requirements. Unless the Owners unanimously elect to waive all or a portion of this Article 18 as permitted by RCW 64.34.352(8), the Association shall maintain, to the extent reasonably available, a policy or policies and bonds necessary to provide property insurance of the Common Elements and Building, commercial general liability insurance, fidelity insurance, and such other insurance as the Board deems advisable.] All insurance shall be obtained from insurance carriers that are generally acceptable for

similar projects, authorized to do business in the state of Washington and have an A.M. Best rating, most current edition, of “A” or better, or, if such rating company ceases to exist, a comparable rating from a similar or successor entity. All such insurance policies shall provide that coverage may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least 30 days’ prior written notice (or 10 days’ prior written notice in the case of cancellation for non payment of premium) to any and all insureds named therein, including Owners, the special member or limited partner of any Owner that is a limited liability company or limited liability partnership, Mortgagees, and designated servicers of Mortgagees. The Association (or if any insurance required by this Section is obtained by the Unit Owners and not the Association, each Owner) shall furnish evidence to the Owners and Association, if applicable, that such insurance is in effect. If any insurance required by this Section is obtained by the Association on behalf of the Owners, the premiums therefore (and any applicable deductible in the event of casualty) may be specially allocated to the Owners in accordance with risk as determined by an independent third party insurance consultant.

Section 18.2 Insurance for Units. Each Owner shall obtain and maintain property insurance, liability insurance, and such other insurance for the Unit owned by such Owner as the Board deems advisable. Unless an Owner is self-insuring, all insurance shall be obtained from insurance carriers that are generally acceptable for similar properties and authorized to do business in the state of Washington. If any Owner elects to self-insure, it shall obtain the prior written consent of the Board, which shall stipulate their acceptance of such a plan and may set forth coverage conditions including reasonable coverage amounts, deductibles, and policy terms which could reasonably be obtained from a commercial insurance carrier. Each Owner shall furnish the Association and the other Owners with proof of insurance upon request, or in the case of self-insurance, provide periodic reports on the maintenance of such self-insurance coverage.

18.2.1 The property insurance maintained by the Association (or, if applicable, each Owner) shall, at the minimum, provide all risk or special cause of loss coverage in an amount equal to the full replacement cost of the Building and improvements (or, if maintained by each Owner, only with respect to those improvements contained within the Owner’s Unit), with such reasonable deductibles, co-insurance clauses and exclusions from coverage as the Board may from time to time approve or by rule or regulation establish, but in no event shall the deductible exceed \$10,000 per occurrence (as such amount may be adjusted annually after _____ by a multiple of the “C.P. Index All-Urban Consumers U.S. City Average All-Items (1982-84=100)” as published by the U.S. Bureau of Labor Statistics. The property insurance shall include a code or ordinance endorsement and such other endorsements or coverages as the Board may from time to time approve or by rule or regulation establish, and shall name the Association and the Owner of the other Unit as

additional insureds to which notice must be given at least 30 days prior to the termination of any policy.

18.2.2 The liability insurance coverage maintained by each Owner shall cover liability of the insureds for property damage, personal injury and bodily injury and death of persons arising out of the operation, maintenance, and use of the Unit and such other risks as are customarily covered for similar properties with a limit of liability of at least \$10,000,000 and shall name the Association and the Owner of each of the other Unit as additional insureds to which notice must be given at least 30 days prior to the termination of any policy.

18.2.3 Any portion of improvements within the Condominium for which insurance is required under this Article which is damaged or destroyed shall be repaired or replaced promptly by the applicable Owner pursuant to Article 19 unless the Condominium is terminated or repair or replacement would be illegal under any state or local health or safety statute or ordinance.

18.2.4 Any property insurance required to be maintained or actually maintained by the Association relating to the Building or an Owner relating to the Owner's Unit or its appurtenances or contents shall contain a waiver of subrogation by the insurer as to any and all claims against the Association, the Owner of any Unit, and/or their respective agents, members of the Owner's household, employees, or lessees, and of any defenses based upon co-insurance or upon invalidity arising from the acts of the insured.

18.2.5 An Owner which is a governmental agency, institution, or entity, and which by law may be self-insured with respect to some or all of the risks identified in this Article may provide proof of such self-insurance, to the extent applicable.

Section 18.3 Use of Insurance Proceeds. Any portion of the Condominium for which insurance is required under this Article that is damaged or destroyed shall be repaired or replaced promptly pursuant to Article 19 unless: (a) the Condominium is terminated; (b) repair or replacement would be illegal under any state or local health or safety statute or ordinance; or (c) all Owners vote not to rebuild. If all of the damaged or destroyed portions of the Condominium are not repaired or replaced: (i) the insurance proceeds attributable to the damaged portions of the Condominium shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium; and (ii) the insurance proceeds attributable to improvements that are not rebuilt shall be distributed to the Owners of those improvements, or to lienholders, as their interests may appear. The Board shall be responsible for the distribution of insurance proceeds paid from policies procured by the Association. Notwithstanding the provisions of this Section, Article 24 governs the distribution of insurance proceeds if the Condominium is terminated.

Article 19. DAMAGE AND REPAIR OR DAMAGE TO PROPERTY.

In the event of damage or destruction by casualty of any improvements within the Condominium, the damage or destruction shall be repaired, reconstructed or rebuilt unless, within 15 business days of such damage or destruction, the Board or a Unit Owner shall have requested a special meeting of the Association and the Owners and their Mortgagees have elected not to repair, reconstruction or rebuild in accordance with this Article. Such special meeting shall be held within 30 business days of the date of damage or destruction, unless the Board determines it is necessary or appropriate to extend the time for the meeting. At the time of such meeting, unless the Owners of all Units, whether in person, by writing or by proxy, with the approval of their Mortgagees and any special member or partner of an Owner that is a limited liability company or limited liability partnership, vote not to repair, reconstruct or rebuild the damaged property or vote otherwise to modify the improvements so that each Unit may continue be used for its intended purpose, the damage or destruction shall be repaired, reconstructed or rebuilt or otherwise modified by the Owner or Owners responsible for the maintenance, repair or replacement thereof, as provided in Article 8 and Section 18.2. If the damage or destruction is not repaired, reconstructed or rebuilt or otherwise modified and if the improvements within any of the Units cannot be used for its intended purpose, the Condominium shall be terminated.

Article 20. CONDEMNATION.

Section 20.1 Consequences of Condemnation; Notices. If the Building, any Unit or portion thereof, or any of the Common Elements is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, notice of the proceeding or proposed acquisition shall promptly be given to the Association, each Owner and the Mortgagees and the provisions of this Article shall apply.

Section 20.2 Condemnation of a Unit. If all of a Unit is acquired by condemnation, the proceeds from the condemnation of a Unit shall be paid to the Owner or lienholder of the Unit, as their interests may appear; provided, however, if any Unit is condemned and improvements within another Unit are deprived of vertical support, the Owner of the deprived Unit shall be entitled to assert against the condemning authority a claim for any damage to the deprived Unit resulting therefrom. Upon acquisition, unless the decree otherwise provides, the condemned Unit's Allocated Interests are automatically reallocated to the remaining Units in accordance with their relative Allocated Interests, and the Association shall promptly prepare, execute, and record an amendment to this Declaration reflecting the reallocation.

Section 20.3 Condemnation of Part of a Unit. If part of a Unit is acquired by condemnation, the proceeds from the condemnation awarded to the Unit Owner shall be paid to the Owner or lienholders of the Unit, as their interests may appear; provided, however, that

if a portion of any Unit is condemned and any other Unit is deprived of its vertical support, the Owner of the deprived Unit shall be entitled to assert against the condemning authority a claim for any damage to that Unit resulting therefrom. Upon partial condemnation of a Unit, unless the decree otherwise provides: the Allocated Interests of the Units automatically will be adjusted in conformance with the formula set forth in Section 5.4 of this Declaration..

Section 20.4 Condemnation of Common Elements. If part of the Common Elements is acquired by condemnation, the portion of the award attributable to the Common Elements taken shall be used to restore or replace such Common Elements with any remaining award proceeds paid to the Owners based upon their respective interests in the Common Elements.

Section 20.5 Reconstruction and Repair. Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Article 19.

Article 21. EASEMENTS.

Section 21.1 Reciprocal Easements. The following perpetual non-exclusive reciprocal easements are hereby declared and created:

21.1.1 An easement in and through each Unit for the benefit of the other Units for construction of the Building substantially in accordance with the Building Plans. Each Unit Owner shall have the right of ingress and egress in and through each Unit to complete such construction including, without limitation, easements for entry, excavation, support and the overhead operation of construction cranes. Such reciprocal easement shall be further governed by a development agreement or such other separate agreements as may be practicable between the Owners.

21.1.2 An easement in and through each Unit and the Common Elements for the benefit of the other Units for location and operation of all support elements and utility, wiring, cabling, HVAC facilities, and service elements of the Building, and for reasonable access thereto by a Unit Owner or the Association, as applicable, as required to effectuate and continue proper operation of the Building and the Condominium.

21.1.3 Each Unit and all Common Elements are hereby declared to have an easement over all adjoining Units and Common Elements for the purpose of accommodating any present or future minor encroachment as a result of engineering errors, construction, reconstruction, repairs, settlement, shifting, or movement of any portion of the property, or any other similar cause, and any encroachment due to building overhang or projection. There shall be valid easements for the maintenance of the encroaching Units and Common Elements so long as the encroachments shall exist and are minor, and the rights and obligations of Owners shall not be altered in any way by the encroachment; provided, however, that in no event shall a valid easement for encroachment be created in favor of a

Unit if the encroachment was caused by the willful act with full knowledge of the Owner. The encroachments described in this Section shall not be construed to be encumbrances affecting the marketability of title to any Unit.

21.1.4 An easement over each Unit and the Common Elements for the purpose of fulfilling the maintenance responsibilities of each Unit Owner which are set forth in this Declaration.

Section 21.2 Easements benefitting the Garage Unit. The following easements benefitting the Garage Unit and burdening the Housing Unit and/or the Commercial Unit are hereby declared and created:

21.2.1 A non-exclusive perpetual easement in and to all Structural Elements at any time located within or constituting a part of the Commercial Unit or the Housing Unit for the support of the Garage Unit and the Garage Facilities. The Owners of the Housing Unit and Commercial Unit shall at all times maintain the structural integrity of the Residential Facilities and Commercial Facilities, respectively, as required to provide such structural support and shall not undertake or permit any other person to undertake any activity in the Owner's respective Unit that would adversely affect the structural support of the Garage Unit and Garage Facilities or make any structural modification to any portion of the Building that is contained within such Owner's Unit that would adversely affect the structural support of the Garage Unit and the Garage Facilities without the prior written consent of the Owner and Mortgagee of the Garage Unit.

21.2.2 An exclusive perpetual easement for the location, operation and maintenance of the exhaust system that will serve the Garage Facilities, and a non-exclusive easement for reasonable access thereto, to be located through and across the northeast corner of Level 2 of the Building within the Commercial Facilities of the Commercial Unit. The exhaust system serving the Garage Facilities is shown on the Building Plans.

21.2.3 A non-exclusive perpetual easement for use of and access to the bicycle parking areas to be located on Level 1 of the Building within the Commercial Facilities of the Commercial Unit for the purpose of bicycle parking and access to Stairway #2 of the Building. The bicycle parking area is shown on the Building Plans.

21.2.4 A non-exclusive perpetual easement for the use of and access to Stairway #2 to be located on Level 1 of the Building within the Commercial Facilities of the Commercial Unit for the purpose of ingress and egress from the Garage Facilities to the Common Elements and public right-of-way. Stairway #2 is shown on the Building Plans.

21.2.5 A non-exclusive perpetual easement for the use of and access to the transformer vault room serving the Garage Facilities to be located on Level 1 of the Building

within the Housing Unit for the purpose of operation, maintenance, repair and replacement of the transformers serving the Garage Facilities. The transformer vault room is shown on the Building Plans.

21.2.6 Subject to the restrictions set forth in this Declaration, an exclusive perpetual easement for the installation, location, operation and maintenance of the Satellite Facilities which will serve the Garage Facilities and benefit the Owner of the Garage Unit, and a non-exclusive easement for reasonable access thereto if such facilities are installed by the Owner of the Garage Unit, to be located on the roof of the Building within the Housing Unit.

Section 21.3 Easements benefitting the Commercial Unit. The following easements benefitting the Commercial Unit and burdening the Housing Unit and/or the Garage Unit are hereby declared and created:

21.3.1 A non-exclusive perpetual easement in and to all Structural Elements at any time located within or constituting a part of the Garage Unit and the Housing Unit for the support of the Commercial Unit and the Commercial Facilities. The Owners of the Garage Unit and Housing Unit shall at all times maintain the structural integrity of the Residential Facilities and Garage Facilities, respectively, as required to provide such structural support and shall not undertake or permit any other person to undertake any activity in the Owner's respective Unit that would adversely affect the structural support of the Commercial Unit and Commercial Facilities or make any structural modification to any portion of the Building that is contained within such Owner's Unit that would adversely affect the structural support of the Commercial Unit and the Commercial Facilities without the prior written consent of the Owner and Mortgagee of the Commercial Unit. Such easement shall include a right of structural support from the Garage Facilities, soils within the Garage Unit, and Residential Facilities, including the foundation of the Building, and all soils and all other materials below the lower foundation of the Building. Such easement shall include a right of structural support from the soils below the Garage Facilities and the Garage Facilities and/or the Residential Facilities, to rebuild any portions of the Commercial Facilities that are part of the Commercial Unit or Exclusive Easement Areas benefitting the Commercial Unit which are damaged or destroyed by casualty if the Owners and the Mortgagees elect to repair, reconstruct or rebuild pursuant to and in accordance with Article 19.

21.3.2 A non-exclusive perpetual easement for the use of and access to Stairway #2 to be located on Parking Levels 1 and 2 of the Building within the Garage Facilities of the Garage Unit for the purpose of access between the Commercial Facilities and those easement areas serving the Commercial Facilities and Commercial Unit which are located within the Garage Facilities of the Garage Unit. Stairway #2 is shown on the Building Plans.

21.3.3 A non-exclusive perpetual easement for use of and access to the electrical meter room, water room and mechanical room to be located on Parking Level 1 of the Building within the Garage Facilities of the Garage Unit for the purposes of location, maintenance and operation of the electrical, water, and mechanical systems of the Building which serve the Commercial Facilities and Commercial Unit. The electrical meter room, water room and mechanical room are shown on the Building Plans.

21.3.4 An exclusive perpetual easement also benefitting and in common with the Housing Unit for use of and access to Stairway #1 and for the elevator lobby, and elevator machine room to be located on Parking Level 1 of the Building within the Garage Facilities of the Garage Unit for the purposes of location, maintenance, and operation of the elevator and elevator equipment that serve the Commercial Facilities and Commercial Unit. Stairway #1, the elevator lobby and elevator machine room located on Parking Level 1 are shown on the Building Plans.

21.3.5 An exclusive perpetual easement also benefitting and in common with the Housing Unit for use of and access to Stairway #1, elevator lobby, elevator machine room, storage/mechanical rooms, elevator vaults, water heater room and machine area corridor to be located on Parking Level 2 of the Building within the Garage Facilities of the Garage Unit for the purposes of location, maintenance, and operation of the elevator, elevator equipment and building systems which serve the Commercial Facilities and Commercial Unit. Stairway #1, the elevator lobby, elevator machine room, storage/mechanical rooms, elevator vaults, water heater room and machine area corridor are shown on the Building Plans.

Section 21.4 Easements benefitting the Housing Unit. The following easements benefitting the Housing Unit and burdening the Garage Unit and/or the Commercial Unit are hereby declared and created:

21.4.1 A non-exclusive perpetual easement in and to all Structural Elements at any time located within or constituting a part of the Commercial Unit and the Garage Unit for the support of the Housing Unit and the Residential Facilities. The Owners of the Garage Unit and Commercial Unit shall at all times maintain the structural integrity of the Garage Facilities and Commercial Facilities, respectively, as required to provide such structural support and shall not undertake or permit any other person to undertake any activity in the Owner's respective Unit that would adversely affect the structural support of the Housing Unit and Residential Facilities or make any structural modification to any portion of the Building that is contained within such Owner's Unit that would adversely affect the structural support of the Housing Unit and the Residential Facilities without the prior written consent of the Owner and each Mortgagee of the Housing Unit. Such easement shall include a right of structural support from the Garage Facilities, soils within the Garage Unit and the

Commercial Unit for support, including the foundation of the Building, and all soils and all other materials below the lower foundation of the Building. Such easement shall include a right of structural support from the soils below the Garage Facilities and the Garage Facilities and/or Commercial Facilities, to rebuild any portions of the Residential Facilities that are part of the Housing Unit or Exclusive Easement Areas benefitting the Housing Unit that are damaged or destroyed by casualty if the Owners and the Mortgagees elect to repair, reconstruct or rebuild pursuant to and in accordance with Article 19.

21.4.2 A non-exclusive perpetual easement for the use of and access to Stairway #2 to be located on Parking Levels 1 and 2 of the Building within the Garage Facilities of the Garage Unit for the purposes of ingress and egress between the Residential Facilities and those easement areas serving the Residential Facilities and Housing Unit that are located within the Garage Facilities of the Garage Unit. Stairway #2 is shown on the Building Plans.

21.4.3 A non-exclusive perpetual easement for use of and access to the electrical meter room, water room and mechanical room to be located on Parking Level 1 of the Building within the Garage Facilities of the Garage Unit for the purposes of location, maintenance and operation of the electrical, water, and mechanical systems of the Building that serve the Residential Facilities and Housing Unit. The electrical meter room, water room and mechanical room are shown on the Building Plans.

21.4.4 An exclusive perpetual easement also benefitting and in common with the Commercial Unit for use of and access to Stairway #1 and the elevator lobby, and elevator machine room to be located on Parking Level 1 of the Building within the Garage Facilities of the Garage Unit for the purposes of location, maintenance, and operation of the elevator and elevator equipment that serve the Residential Facilities and Housing Unit. Stairway #1, the elevator lobby and elevator machine room located on Parking Level 1 are shown on the Building Plans.

21.4.5 An exclusive perpetual easement also benefitting and in common with the Commercial Unit for use of and access to Stairway #1, elevator lobby, elevator machine room, storage/mechanical rooms, elevator vaults, water heater room and machine area corridor to be located on Parking Level 2 of the Building within the Garage Facilities of the Garage Unit for the purposes of location, maintenance, and operation of the elevator, elevator equipment and building systems that serve the Residential Facilities and Housing Unit. Stairway #1, the elevator lobby, elevator machine room, storage/mechanical rooms, elevator vaults, water heater room and machine area corridor are shown on the Building Plans.

Section 21.5 Utility Easements Granted by the Declarant. The Declarant reserves the right to grant easements to the various companies or municipalities who provide, or wish

to provide, utility services to the Condominium or to the Units in the Condominium for the installation, construction, maintenance, repair and reconstruction of all utilities serving the Condominium or the Owners, including, without limitation, such utility services as water, sanitary sewer, storm sewer, electricity, cable television, data and telephone, and an easement for access over and under the Common Elements of the Condominium to the utility service facilities.

Article 22. PROCEDURES FOR SUBDIVIDING OR ALTERING UNITS.

Section 22.1 Submission of Proposal to Subdivide Unit. No Unit or Units shall be subdivided either by agreement or legal proceedings, except as provided in this Article. The term “subdivision”, as used in this Article, shall mean the legal division of a Unit into two or more new Units, with each Unit having a separate and unique indentifying unit name and all the attributes of a Unit under this Declaration and the Condominium Act. An Owner may propose subdividing a Unit or Units by submitting the proposal in writing to the Board and to all other Owners and Mortgagees of the Unit(s) to be subdivided or combined, as applicable. Notice of such proposal to subdivide must also be given to the Mortgagees of all other Units in the Condominium. The proposal must include complete plans and specifications for accomplishing the subdivision and proposed amendments of this Declaration and the Survey Map and Plans, which amendments shall assign an identifying number to each Unit created and reallocate the allocated interests and liabilities formerly allocated to the subdivided Unit to the new Units in any reasonable manner prescribed by the Owner of the subdivided Unit. The proposal shall also address allocation of the right to appoint Board members. The Owner of the Unit to be subdivided shall bear all costs of the subdivision. The amendments shall be executed by the Owner of the Unit to be subdivided upon approval pursuant to Section 22.2. A proposal that contemplates subdivision of a Unit will be accepted only if approved in writing by all Owners and Mortgagees of the Unit or Units to be subdivided, the Board, and all other Mortgagees. The submission of a Unit and appurtenances to the Act and creation of condominium units within that Unit shall not be considered to be a subdivision of a Unit within the meaning of this Section.

Section 22.2 Exterior and Structural Alterations. A proposal that contemplates a change in the appearance of the Common Elements, the structural elements of the Building, the mechanical or electrical systems of the Building if those systems serve more than one Unit, or that may impair the structural integrity or lessen the support of any portion of the Condominium is subject to the prior approval by the Owners and Mortgagees of the other Units so affected.

Article 23. AMENDMENT OF DECLARATION, SURVEY MAP AND PLANS,
ARTICLES OR BYLAWS.

The Declaration, the Survey Map and Plans, the Articles and the Bylaws may be amended only with the unanimous consent of the Owners and all Mortgagees. An Owner or a Board member may propose amendments to this Declaration or the Survey Map and Plans, the Articles or the Bylaws to the Board. With the approval of the Board, the proposed amendment shall be submitted to the members of the Association and Mortgagees for their consideration. Amendments may be adopted at a meeting of the Association or by written consent of the requisite number of persons entitled to vote, after notice has been given to all persons entitled to receive notices, including Mortgagees. The notice of a meeting at which an amendment is to be considered shall include the text of the proposed amendment. Upon the adoption of an amendment to the Declaration or the Survey Map and Plans, it shall become effective when it is recorded or filed in the real property records in the county in which the Condominium is located. The amendment shall be indexed in the name of the Condominium and shall contain a cross-reference by recording number to the Declaration and each previously recorded amendment thereto. Such amendments shall be prepared, executed, recorded and certified on behalf of the Association by any officer of the Association designated for that purpose or, in the absence of designation, by the president of the Association. No action to challenge the validity of an amendment adopted by the Association and approved by the Owners and Mortgagees pursuant to this Article may be brought more than one year after the amendment is recorded. An amendment to the Articles shall be effective upon filing the amendment with the Secretary of State. An amendment to the Bylaws shall be effective upon adoption.

Article 24. TERMINATION OF CONDOMINIUM.

Section 24.1 Action Required. Except as provided in Article 19 and Article 20, the Condominium may be terminated only by agreement or with the written consent of all Unit Owners and all Mortgagees and in accordance with the Condominium Act.

Section 24.2 Condominium Act Governs. The provisions of the Condominium Act relating to termination of a condominium contained in RCW 64.34.268, as it may be amended, shall govern the termination of the Condominium, including, but not limited to, the disposition of the real property in the Condominium and the distribution of proceeds from the sale of that real property. Any termination agreement must provide that upon termination of the Condominium, any Regulatory Agreement then in force against any Unit and any easement in favor of the City over any part of the Condominium, shall remain in effect according to its own terms against the portion of the real property that formerly constituted such Unit or other part of the Condominium, whether the property in the Condominium is sold or not. Whether or not so provided in any termination agreement, to the extent that,

immediately prior to termination, the Housing Unit is subject to any Regulatory Agreement, such Regulatory Agreement shall continue to burden the interests of the Owner of such Unit in the real property formerly constituting such Unit including, without limitation, rights of exclusive occupancy under RCW 64.34.268 or successor provision, and if the real property that formerly constituted such Unit shall be transferred after termination, the transferee shall take subject to the terms of such Regulatory Agreement.

Article 25. NOTICES.

Section 25.1 Form and Delivery of Notice. Unless provided otherwise in this Declaration, all notices given under the provisions of this Declaration or the Bylaws or rules or regulations of the Association shall be in writing and may be delivered either personally or by facsimile transmission or mail. If delivery is made by mail, the notice shall be deemed to have been delivered upon being deposited in the United States mail, first class postage prepaid, addressed to the person entitled to such notice at the most recent address known to the Board. Notice to the Owner of any Unit shall be sufficient if mailed to the Unit if no other mailing address has been given to the Board. Mailing addresses may be changed by notice in writing to the Board. Notices to the Board shall be given to the president or secretary of the Association.

Section 25.2 Notices to Mortgagees. The Board shall send to Mortgagees timely written notice of any proposed amendment of the Declaration, Bylaws, Articles of Incorporation, or Survey Map and Plans; any proposed termination of condominium status; any proposed transfer of any part of the Common Elements; any proposed termination of professional management of the Condominium; any potential condemnation loss and any casualty loss that affects a material portion of the Condominium or that affects any Unit on which the Mortgagee has a Mortgage; any delinquency which has continued for 60 days in the payment of Assessments or charges owed by an Owner of a Unit on which a Mortgagee has a Mortgage; any lapse, cancellation, or material modification of any insurance policy maintained by the Association pursuant to Article 18; and any proposed action that would require the consent of all or a specified percentage of Mortgagees pursuant to Article 19, Article 22, or Article 23.

Section 25.3 Severability. The provisions of this Declaration shall be independent and severable, and the unenforceability of any one provision shall not affect the enforceability of any other provision, if the remaining provision or provisions comply with the Condominium Act.

Article 26. EFFECTIVE DATE.

This Declaration shall take effect upon recording.

Article 27. REFERENCE TO SURVEY MAP AND PLANS.

The Survey Map and Plans were filed with King County Recorder's Office, simultaneously with the recording of this Declaration under File No. _____.

Article 28. ASSIGNMENT BY DECLARANT.

The Declarant reserves the right to assign, transfer, sell, lease, or rent all or a portion of the property then owned by it and reserves the right to assign all or any of its rights, duties, and obligations created under this Declaration.

DATED: _____, 2012.

THE CITY OF SEATTLE, a municipal corporation of
the State of Washington

By: _____
Name: _____
Title: _____

STATE OF WASHINGTON

COUNTY OF KING

ss.

I certify that I know or have satisfactory evidence that _____ signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the _____ of THE CITY OF SEATTLE, a municipal of the State of Washington, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 2012.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of

Washington, residing at _____

My appointment expires _____

SCHEDULE A

12TH AVENUE ARTS, A CONDOMINIUM

Description of Land in Condominium

LOTS 2 THROUGH 5, INCLUSIVE, BLOCK 22, ADDITION TO THE CITY OF SEATTLE AS LAID OFF BY D. T. DENNY, GUARDIAN OF THE ESTATE OF J. H. NAGLE (COMMONLY KNOWN AS NAGLE'S ADDITION TO THE CITY OF SEATTLE), ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 1 OF PLATS, PAGE 153, IN KING COUNTY, WASHINGTON; EXCEPT THE WEST 7 FEET THEREOF, CONDEMNED IN KING COUNTY SUPERIOR COURT CAUSE NO. 61476 FOR THE WIDENING OF 12TH AVENUE AS PROVIDED BY ORDINANCE NO. 17972 OF THE CITY OF SEATTLE.

SCHEDULE B

12TH AVENUE ARTS, A CONDOMINIUM

Unit Data; Allocated Interests; Voting

UNIT	LEVELS	PROJECTED FINISHED FLOOR AREA (SQ. FT.)	COMMON EXPENSE LIABILITY AND INTEREST IN THE COMMON ELEMENTS	VOTING
Garage Unit	P1, P2, 1 (partial)	47,977	30%	30
Commercial Unit	1 (partial), 2	43,392	27%	27
Housing Unit	1 (partial), 3, 4, 5, 6	69,760	43%	43
TOTALS		161,129	100.00%	100

SCHEDULE C

12TH AVENUE ARTS, A CONDOMINIUM

Common Expenses

Common Expenses shall consist of all costs of the Association other than Specially Allocated Expenses including Association administrative costs, and shall be allocated to all Units in accordance with Common Expense Liability. Notwithstanding the foregoing, certain costs affecting some but not all of the Owners shall not pass through the Association and shall not be a Common Expense nor a Specially Allocated Expense. Such costs shall instead be shared between the affected Owners pursuant to Article 14 or in an agreement separate and apart from this Declaration.

SCHEDULE D

12TH AVENUE ARTS, A CONDOMINIUM

Specialty Allocated Expenses

1. The cost of water and sewer service (including irrigation for exterior Common Elements) shall be specially allocated to the Unit Owners based upon _____.
2. The cost of natural gas service shall be specially allocated to the Unit Owners based upon _____.
3. The cost of electricity for the exterior Common Elements shall be specially allocated to the Unit Owners based upon _____.
4. The cost of Common Element landscaping shall be specially allocated to the Unit Owners based upon the following percentages: _____,
5. Any expense of the Association or portion thereof benefiting fewer than all of the Units must be allocated exclusively against the Units benefited in proportion to the benefit derived by each such Unit.
6. The cost of property insurance for Condominium and the Units covered by the Association's insurance policy shall be specially allocated among the Units in accordance with risk as determined by a qualified insurance consultant selected by the Board.
7. Any assessments or charges imposed by a governmental authority on the Association or paid by the Association, such as business improvement area assessments or sewer capacity charges, shall be specially assessed to the Units on the same basis as the assessments or charges are levied by the governmental authority.
8. The cost of any other utility service shared by the Units shall be specially allocated among the Units in proportion to usage to the extent that it can reasonably be determined, or in proportion to Common Expense Liability if it cannot.